

**Department of State Health Services
Council Work Session Agenda Memo for State Health Services Council
July 14, 2015**

Agenda Item Title: New rules concerning the neonatal level of care designation for hospitals

Agenda Number: 5.a

Recommended Council Action:

☒ For Discussion Only

☐ For Discussion and Action by the Council

Background:

The EMS Trauma Systems Coordination Unit is in the Regulatory Services Division and operates on general revenue and designated fees. The primary responsibilities of the unit are system development, including designation of trauma and stroke hospitals and providing oversight of the Regional Advisory Councils (RAC) of the trauma service areas.

The unit conducts surveys/inspections and investigations, and provides technical expertise and assistance to designated facilities and the RACs. The unit also provides contracting duties and oversight for approximately 2,500 providers across the statewide system, which includes 280 designated trauma facilities, 130 designated stroke hospitals, and 22 RACs.

Summary:

The purpose of the new rules is to implement House Bill 15, 83rd Legislature, Regular Session, 2013, which requires the development of rules to create two designation programs, neonatal level of care and maternal level of care, with designations to be completed by September 1, 2017, and September 1, 2019, respectively. The rules address the neonatal designation only and the maternal level of care rules will be developed at a subsequent time. Designation for neonatal level of care is an eligibility requirement for Medicaid reimbursement of neonatal care. It is estimated that approximately 225 – 250 hospitals will apply for one or both designations.

Key Health Measures:

The effectiveness of the rules will be generally exhibited by the following:

- The criteria for designation and levels of neonatal care designation will standardize and help identify the most appropriate hospital for the delivery of neonates.
- The state will be divided into neonatal care regions that will facilitate the planning and collaboration of best practices and neonate transfer processes.
- Better coordination of transfers of neonates will increase the likelihood that neonates will be born in the appropriately designated facility for their needs.
- Neonates categorized as very low birth weight (VLBW) infants will be born at facilities designated at the higher level of neonatal care (Level III and Level IV).

Specific outcomes expected as a result of implementing the rules:

- An increase in the percentage of VLBW infants currently born in Texas in Level III and Level IV hospitals (48.9%) to a level that meets or exceeds the national percentage (74.7%).
- More efficient and effective transfer practices.

Measurement of these outcomes may include:

- Decrease in transfers of VLBW Texas infants to a higher level of care designated neonatal facilities.
- Decrease in the Texas premature delivery rate.
- Decrease in the mortality rate of these babies.
- Decrease in Texas VLBW in minority women and women from economically distressed areas or rural areas.

Summary of Input from Stakeholder Groups:

House Bill 15 created the Perinatal Advisory Council (PAC), which held eight open meetings in January 2014 through February 28, 2015. Approximately 30 - 50 stakeholders attended these meetings to include individuals from hospitals and hospital systems, The March of Dimes, Texas Hospital Association, The Joint Commission, the American Academy of Pediatrics, and Texas Nurses Association.

Following a meeting on July 22, 2014, the PAC provided its recommendation for neonatal designation requirements to DSHS for consideration. In the PAC meetings on October 7, 2014, and February 11, 2015, the PAC provided final review and comments of the draft neonatal designation rules.

The draft rules were discussed in general stakeholder meetings held on September 23, 2014, November 10, 2014, and February 25, 2015. Stakeholder feedback gathered at these meetings as well as those submitted to DSHS were recorded and considered in the development of the proposed rules.

The following are potential pending issues concerning the rule changes:

- House Bill 15 directs the state be divided into perinatal care regions. The rules do so by using the existing 22 trauma service areas RACs. Regions do not influence or change referral patterns.
- The rules require a program manager and specify the individual is a registered nurse but does not specify the educational requirements of that nurse. Stakeholder comments received recommend that this individual have a 4-year or higher nursing degree.
- Neonatal Level II rule incorporates the Rural Level II rule. The PAC recommended the Rural Level II as a 5th level of designation.
- DSHS is considering proposals from outside organizations for a peer review survey process that is in development. DSHS will approve one or more organizations to perform a verification survey of the facility's compliance with the designation requirements.

Approved by Assistant Commissioner/Director: Kathryn C. Perkins, R.N., M.B.A. **Date:** 5/19/2015

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Approved by CPEA: Carolyn Bivens **Date:** 5/19/15